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SUBJECT: ETHIOPIA: TREASURY AND GOE CLOSE TO SIGNING  
ANTI-MONEY LAUNDERING AND COUNTERTERRORIST FINANCING  
PROGRAM AGREEMENT

¶1. SUMMARY: Governor of Ethiopia's central bank Teklewold Atnafu met with the Ambassador and representatives from the Department of Treasury April 9 to conclude negotiations on the terms of reference for a Treasury-staffed technical assistance program to develop an anti-money laundering and counterterrorist financing (AML/CFT) regime. Atnafu noted that there was widespread governmental support for the development of an effective AML/CFT regime and agreed that the program should move forward, despite his reservation over the duration of the program. END SUMMARY.

GOE REQUESTS AML/CFT ASSISTANCE  
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¶3. At the GOE's request, the Department of Treasury's Office of Technical Assistance conducted an assessment of Ethiopia's AML/CFT regime in August 2006 and found that steps to develop an effective program were underway, but still inadequate. For instance, Treasury noted that penal code provisions to criminalize money laundering and terrorism had been enacted, but few other enforcement mechanisms were in place. The Ministry of Finance and Economic Development, the Federal Ethics and Anti-Corruption Commission, the Ministry of Capacity Building, and the Ethiopian Federal Police Commission, however, expressed interest in a program to further develop Ethiopia's AML/CFT program and requested training and other forms of capacity building to support these efforts.

¶4. On an ad-hoc basis, Treasury subsequently conducted a seminar on AML/CFT regime development for relevant government stakeholders, served in an advisory capacity to NBE staff in the preparation of the draft legislation, and facilitated a legislative assessment by the Department of Justice of the current draft legislation.

TREASURY SEEKS LONG-TERM ASSISTANCE PROGRAM  
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¶5. At an April 9 meeting to discuss the terms of reference for a long-term Treasury assistance program, National Bank of Ethiopia Governor Teklewold Atnafu said he was satisfied with the progress on AML/CFT legislation and thankful for Treasury's assistance. Teklewold agreed with most provisions in the terms of reference but had some reservations about the necessity for a full-time, collocated Treasury advisor. He suggested that Treasury offer assistance in the form of three- to six-week consultation periods as needed. Teklewold indicated he would sign a revised terms of reference after Treasury revised the document to reflect his changes. (Note: Treasury advisors intend to push for a longer term commitment from the NBE and present the terms of reference for the signature during their trip to Addis Ababa in May. End Note.)

¶16. Treasury's workplan for the AML/CFT program includes participation by two NBE staff members at an AML training program hosted by the U.S. Comptroller of the Currency in Washington, D.C. in May 2007, reaching out to the commercial banking sector, and coordinating its technical assistance with the larger donor community involved in AML/CFT efforts, including the United Nations Office on Drugs and Crime Global Program against money laundering and other USG offices. As a related initiative, Treasury will be sponsoring training in August 2007 with the Federal Ethics and Anti-Corruption Commission targeted at financial investigative techniques in money laundering cases where corruption offenses serve as the predicate offense.

COMMENT

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¶17. Treasury representatives were not pleased with the Governor's decision to back away from a full-time resident advisor, but will focus on reaching an agreement and signing the terms of reference so that it can move forward with the larger program of technical assistance. Post will push back later at a higher level for a full-time advisor from the Department of Treasury.  
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